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ABBOTT LABORATORIES

FEB 21 1992


OFFICE OF GENERAL COUNSEL

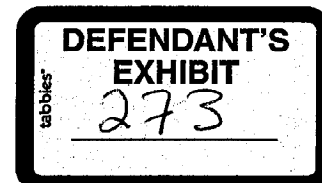
2/19/1992

Maureen,

Per our discussion, enclosed is a copy of the letter from HIP of New York.

I will wait for your guidance before proceeding.

Jeff Yablon 



TAP 6500141

USCG120658

HIP

Health Insurance Plan of Greater New York
7 West 34th Street, New York, NY 10001
Telephone (212) 630-5000

February 18, 1992

Pharmaceutical Supplier
TAP
1401 Sheridan Rd, D-T20
N. Chicago, IL 60064

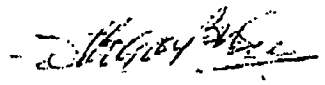
Dear Pharmaceutical Supplier:

As the attached letter indicates, HIP has been asked by the United States General Accounting Office (GAO) to provide information relating to our acquisition costs of certain prescription drugs which we obtain through your company. GAO's request relates to the Omnibus Budget Reconciliation Act (OBRA) of 1990 which among other things required pharmaceutical manufacturers to provide rebates to state Medicaid programs based on the discounts offered to other purchasers. Since Congress recognized that the Medicaid rebate program could have affected the discounts received by other purchasers, OBRA mandated that the GAO study recent changes in prescription drug pricing.

HIP intends to cooperate with the GAO but recognizes that our purchase agreement with your company contains a confidentiality provision. Therefore, we hereby request that you acknowledge your consent to our responding to GAO with the requested information. We have GAO's assurance that the purchaser-specific data will remain confidential. I also point out that it is likely that GAO would seek to exercise the power to subpoena this information if your consent is not readily forthcoming, in which event we would have no choice but to provide the requested information.

Will you therefore please acknowledge your consent to the foregoing by signing in the space provided below, and return an executed copy of this letter to our offices no later than February 26, 1992, as GAO would like our response as soon as possible.

Very truly yours,


Mohan Vodoor
Acting Director of
Pharmacy Services

Accepted and Agreed to this
_____ day of _____, 1992

By: _____
Title: _____
Date: _____

TAP 6500142

GAO

United States
General Accounting Office
Washington, D.C. 20548

Human Resources Division

January 14, 1992

Mr. Mohan Vodoor
Health Insurance Plan of
Greater New York
220 West 58th Street
New York, NY 10019

Dear Mr. Vodoor:

As you know, the Omnibus Budget Reconciliation Act (OBRA) of 1990 required pharmaceutical manufacturers to provide rebates to state Medicaid programs based on the discounts offered to other purchasers. Because Congress recognized that the Medicaid rebate program could affect the discounts received by these other purchasers, OBRA mandated that the General Accounting Office study recent changes in prescription drug prices.

As part of our study, we plan to meet with you and other representatives of prescription drug purchasers to obtain information on prices for prescription drugs in effect both before and after OBRA. We are also interested in your views on OBRA's impact on the contracting process and drug prices.

We consider the information you provide us to be confidential. No information that could identify your organization or its representatives will be released without your consent.

By our meeting, we would like information about your top prescription drugs, as determined by total annual expenditures for bid year 1990-1991. Accordingly, would you please provide the following two lists:

- your top 100 drugs (both inpatient and outpatient);
- your top 50 drugs that could be dispensed for outpatient use.

The detailed information and formats for these lists can be found on a separate sheet accompanying this letter. Would you also provide this same information by our meeting, as two spreadsheet-type files on an IBM-compatible 5 1/4 or 3 1/2

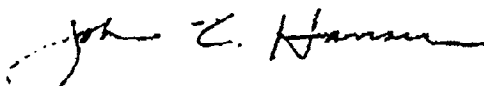
TAP 6500143

inch diskette. In addition, as part of our standard procedures, during our visit we would like to verify price data by selecting several drugs from the lists and reviewing related manufacturers' contracts.

We realize some of the information we are requesting may be unavailable or very difficult to gather. If this is the case, please let us know. Our intent is to minimize your efforts as much as possible while obtaining information necessary for our study. The information your organization provides will help ensure that our study provides the Congress with a clear and comprehensive understanding about changes in prescription drug prices.

We appreciate your time and attention to this matter, and look forward to our meeting. If you have any questions before we meet, please call Joel Hamilton at (202) 426-0143 or Anne McCaffrey at (202) 426-0832.

Sincerely,



John C. Hansen
Assistant Director

Enclosure

TAP 6500144

TOP PRESCRIPTION DRUGS

The specific information we would like on your top 100 drugs overall and top 50 outpatient prescription drugs follows:
(Note: This includes drugs on and off contract.)

- National drug code (XXXXX-XXXX-XX)
- Generic name
- Brand name
- Manufacturer (Vendor) name
- Strength/Dosage
- Package/Size
- Single/multiple source? (S,M)
- Unit-dose? (Y,N)
- Unit price, as of 1st quarter, 1992
- Unit price, as of 7/1/91
- Unit price, as of 7/1/90
- Unit price, as of 7/1/89
- Unit price, as of 7/1/88
- Unit price, as of 7/1/87
- Total expenditure, bid year 1990-1991
- Total expenditure, bid year 1989-1990
- Total expenditure, bid year 1988-1989
- Total expenditure, bid year 1987-1988
- Total expenditure, bid year 1986-1987
- On contract as of 1st quarter, 1992? (Y,N)
- If yes to above, contract start date (MM/DD/YY)
- If yes to above, contract expiration date (MM/DD/YY)

TAP 6500145

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